1926-27 P-4/EE File No. 17-26

Previous References (J.S)

417-24 (1-3)

346-24 (1-2)

Serial Nos. 1-6

Later References

J.D 17-26 (7-8)

" 21-27 (1-3)

" 19-29 (1-4)

preserve

General and Revenue Secretariat.

" 20-37 (1-2)

" 14-38 (1-21)

Serial Nos. Six

Part B for May 27.

SUBJECT

Entertainment of an additional Clerk on Rs 50. for the office of the Registrar of joint-Stock Coys. for clearing up arrear of work.

D 8176-7 dt 23.3.29

to Registrar of Jt Stock Coys.

Bombay. Govt. Sect

Sanction the

D. No. 97/2-12-26

3587

Submitted to the Dewan.

G. S. 17-26-1

DEWAN'S OFFICE.
Received on
2. DEC. 1926
Reg. No. 3935
FIN.
1533

1) I submit for perusal a note embodying the results of the examination of the correspondence and other registers in the Office of the Registrar of Joint Stock Companies conducted through Mr. S. Nagappa. Auditor.

2) The following are the main points and suggestions to which I beg to invite attention.

(1) The registering of correspondence now in vogue under the " From " and " To " register system is antiquated and does not help to ascertain the stage of the correspondence. Under this system it is also found difficult to prepare an accurate arrear list at the end of the month. The remedy lies in introducing a current register under the Disposal Number System in lieu of the present " From " and " To " registers. This arrangement will be somewhat on the lines of the modified Disposal Number System introduced in Taluk Offices in G.O.No: 7201-9/ I.R. 155-19-2 dated 27th December 1919, and well adapted for this small office.

(2.) The present system of maintaining the documents of the companies is antiquated and does not also conduce to the efficient preservation of the papers. The systems adopted in the Bombay and the Madras Presidencies have been studied and that in vogue in the former presidency has been recommended for adoption with slight modifications to suit our conditions here.

(3) The records relating to defunct companies and societies have been preserved and in some cases these records have been kept for over half a century after the dissolution of the companies without any practical use for them. The practice prevailing in the Madras Presidency has been ascertained and suggestions have been made ~~in regard~~ for framing a set of rules for weeding out the unserviceable records.

(4) The arrears in the office are very heavy; as many as 203 papers were pending disposal on the 25th November 1926. The clearance of these arrears and bringing the work up-to-date requires early attention.

(5) Suggestions for reducing scriptory work in the matter of handling applications for - Auditor's certificates are offered in para 6 of the note.

3 (~~6~~.) If approved, a copy of the note will be sent to the Registrar of Joint Stock Companies for his remarks and necessary action.

1.12.26.

Inspector of Office Systems
and
Officer in charge of Revenue Audit

Bangalore.

8) Submitted for perusal.
Action as suggested will be taken
9.12

9) 1.12.26

10 1/12/26

Note on the audit of the registers and records of the Office of the Registrar of Joint Stock Companies.

The work in this office may be classified under the following main heads:-

(1) Registration of indigenous and foreign companies.

(2) Registration of documents such as, special resolutions, balance sheets, lists of members and summaries of share capital, mortgages and charges lists of Directors etc.,

(3) Registration of Societies under the Societies Registration Regulation and the registration of annual lists of members of the managing committees.

(4) Auditor's certificates.

(5) Miscellaneous correspondence including petitions bearing on points on Company law.

(6) Instructions to visitors on matters relating to companies and societies.

2. The Office establishment consists of:-

1 Head Clerk	on	Rs. 50 - 5 - 100
1 Clerk	"	35 - 2 - 45
1 Typist	"	30 - 2 - 40

3. A memo showing in detail the technical and the routine work attended to in the office as also the distribution of work among the several officials is appended to the note (Appendix I)

4. The correspondence registers maintained in the Office are the old "From" and "To" registers. The other registers relating to the routine work of the office are:-

1) Contingent register.

2) Register of Treasury receipts on accounts of fees and of court fee stamps.

3) Register of Service labels.

4) Copying fee register.

5) Register of stationery articles.

6) Register of stationery forms.

7) Treasury Remittance register.

8) Cash Book.

9) A register of books in the office.

The technical registers maintained are:-

1) Company's Register. --- A record of the documents filed with the Registrar by each company and accepted by him as correct.

2) Societies Register.--- A record of the documents filed with the Registrar by each Society.

3) Day book --- A chronological record of the documents of the companies and the societies filed with the Registrar and accepted by him as correct.

4) Register of mortgages and charges.

5) Register of Auditor's certificates granted under the Mysore Companies Regulation.

5. 'From' and 'To' Registers. These registers have been ~~properly~~ maintained with the references in both being counter marked. A statement showing the total number of receipts and issues in the office from the year 1917-18 is appended (Appendix II). It is well known that this system of registering the correspondence is antiquated and that as the unit of registry is an individual paper, the registers will not help to keep track of all the correspondence both inward and outward and show prominently the stage at which the correspondence stands. This inconvenience can be got over by replacing the present 'From' and 'To' registers by a current register in the form prescribed under the Disposal Number System. This one current register will answer the purpose of both the 'From' and 'To' registers and will help to ascertain

at a glance the stage at which a matter is. As the recording system to be followed in this office is peculiar and does not conform to the usual methods followed under any system, there will be no necessity to have separate Disposal lists for noting the final disposal of the file and this may therefore be noted in the last column of the current register itself. The introduction of a current register in place of the present 'From and 'To' registers is sure to be felt as an improvement. It will also facilitate the issue of timely reminders in long pending cases without much difficulty which is being experienced under the present system.

The arrangement suggested above will be somewhat on the lines of the modified disposal Number System introduced in G.O.No. 7201-9/L.R.155-19-2 dated 27-12-1919.

6. Reduction of scriptory work. There is some scope for effecting reduction in the amount of correspondence relating to the grant of auditors' certificates. At present all fresh applications for the grant of auditors' certificates received by the Registrar are invariably submitted to Government for orders even though many of the applications do not fulfil the conditions laid down by the rules. In such cases the Registrar has been submitting the applications with his suggestions for rejection which are as a rule accepted by Government. The present practice of submitting to Government all such defective applications may be discontinued and the Registrar may be authorised to reject himself such applications as do not comply with the rules laid down in this respect. This will minimise correspondence both in the Registrar's Office and in the Secretariat.

7. Preservation of the documents filed with the Registrar under the Mysore Companies Regulation.

The documents relating to the Companies have to be carefully preserved and they are also to be made available to the public on application. At present documents relating to each company or Society are separately bundled up as they are filed and placed in separate compartments in almirahs designed for the purpose. Formerly the correspondence connected with the documents used to be filed separately in annual bundles along w with other routine correspondence. As it was found more convenient for purposes of ready reference to keep the correspondence also along with the documents, this practice has been adopted and is not also an efficient method of preserving the documents as the papers are folded into small sizes before bundled up with the result that they become cut at the places where they are folded. Particular attention has been paid both in the Bombay and the Madras Presidencies to the proper filing of the documents. In Bombay the 'Book file' system is followed under which the documents filed are strung together by means of tapes with stiff cared board covers having leather backs and corners. On the back of each file slips of papers with the names of the companies printed or typed thereon are pasted. No correspondence relating to documents is however placed along with the documents.

Under the Madras system the documents relating to a company are grouped under several classes and the documents in each class are filed together with a brown paper docket containing a table of contents. As new documents are received they are placed in their respective classes. Correspondence relating to the documents forms also one of the classes. All the documents relating to a company are kept between two wooden planks with the name of the company written on it.

The system prevailing in the Bombay Presidency seems to be suitable for adoption here, though the introduction of it involves a little initial expenditure on account of the card board files. The correspondence relating to documents may also be placed in open files along with the documents

documents relating to each company for facility of reference

8. Records of the Companies. At present there are no definite rules in regard to the preservation and destruction of the records relating to the companies. The Office of the Registrar of Joint Stock Companies formed part of the Office of the Inspector General of Registration till February 1918 and in the Records rules of the Office of the Inspector General of Registration which is contained in the manual of that office issued in the year 1917 it is laid down that the records of the companies should be permanently preserved. This rule is not definite as to the class of records of companies to be permanently retained, but as a matter of fact all papers relating to companies, documents as well as routine correspondence, since the very commencement of the office, have been kept intact and no action has been taken till now to weed out the unserviceable records. This office thus maintains all papers dealt with in it since 1868 when the first Joint stock Company in the State (the Bangalore Bank Ld.,) was registered. Similarly all the documents and correspondence relating to Societies have also been preserved. There are two big almirahs in which these old records relating to about 355 defunct companies or societies have been kept without any use for them. Apart from the saving of space by the destruction of these unserviceable records, it would not be in keeping with the general principles of Office System of the modern days to keep the office encumbered with all kinds of unserviceable papers without the adoption of any rules for periodical destruction. The important portion of the records of this office consists of the documents relating to companies and the correspondence connected with it. In the case of existing companies and societies it is necessary to preserve them carefully and the Regulations also provide for their retention. Action is therefore necessary only in the case

of the dissolved Companies and Societies. A set of Rules for the destruction of these records have been framed by the Government of Madras according to which the documents and correspondence relating to companies dissolved, companies struck off the register and the Societies dissolved will be destroyed after the lapse of five years from the date of the dessolution, notice that the said documents will be destroyed being published in the local official Gazette at least 3 months previous to the proposed date of destruction. It is also provided in those rules that if any proceeding in which a company or society is interested is pending in any court at the expiry of the said period of 5 years and if an order is served on the Registrar or Assistant Registrar by the court for the production of or preservation of any of the above documents the same shall not be destroyed pending the further orders of the court.
A set of similar rules for the destruction of the records of the dissolved societies and companies here may be framed and some general rules for the elimination of other records which need not be permanently retained may also be adopted as in other offices.

9. Arrears of work. A statement showing the number of papers pending in the office of the Registrar and that outside the office is appended (Appendix III)- The number of papers pending in the office is 203 of which 179 are more than one month old. The number of cases pending reply from outside is only 11. The arrears pending in the office are very heavy. These are either the balance sheets and lists of members received from the companies and societies of resolutions on certain matters submitted by them which are required to be filed by the Registrar after scrutiny. In abou 25 percent of these cases there will be further correspondenc on account of the documents not being in the form prescribed by the Regulation. Though omission to take prompt action

on these returns does not in any way affect the interests of either the Government or the companies concerned, it does not seem desirable to allow the work to accumulate to unreasonable proportions. In para 11 of Government Notification No.11002/I&C 6-18-21 dated 12th May 1919 it has been laid down that all the documents received by the Registrar should be scrutinised by him and that he should satisfy himself that they are in conformity with the provisions of law. As the scrutiny ordered in the above notification could not be attended to without additional clerical help, it is understood that the Registrar in his letter No.1445 dated 7th March 1925 made a request for the appointment of an additional hand on Rs.50/- per mensem and he further proposed that the scrutiny ordered in the above mentioned order might be made less strict so that there might be no delay in registering the documents submitted by the Companies. It is necessary that prompt action should be taken to reduce the arrears as early as possible

The important points suggested for action are:-

(1) Introduction of a current register prescribed by the Disposal Number System in place of the present 'From' and 'To' registers. (Vide para 5 of the Note).

(2) Reduction of scriptory work relating to the grant of Auditors' certificates (Vide para 6 of the note.)

(3) Preservation of the documents filed with the Registrar under the Mysore Companies Regulation. (Vide para 7 of the note)

(4) Destruction of the records of the dessolved companies and Societies (Vide para 8 of the note).

(5) Reduction of arrears of work. (Vide para 9 of the note.)

Dated 10th December 1926.

S. Nagappa
Auditor. 11/12/26

TECHNICAL WORK.

Examination of all the documents received under the Mysore Companies Regulation and Societies Regulation such as Memorandum and Articles of Association of Companies and Societies, Prospectuses, Declarations before commencing business, Returns of allotments, Special Resolutions, Extra-ordinary resolutions, balance sheets, auditors' reports, etc., Petitions etc., preparing notes of inspecti of companies, Auditor's certificates.

This examination gives rise in many cases to highly technical correspondence and on account of the want of knowledge of company law on the part of Company Promoters and others entrusted with the management of companies and also on account of their not consulting expert lawyers the question of solving intricate problems affecting in many cases a large number of shareholders falls on this office. Some of these papers take from 1 to 6 or 7 days as they have to be very carefully examined and as any wrong decision may drive the parties to seek relief in Courts. Intricate questions relating to the Stamp Law Negotiable Instruments Regulation, contracts, The Indian Penal Code and other general laws also arise in the examination of the documents. Some times papers relating to several years will have to be examined to dispose of a document.

Visitors. Visitors seeking instructions under the Companies and Societies Regulations have also become too many. As a matter of fact rarely a day passes without them. As instructions are sought for mainly on technical points, this work occupies much time. But this saves a good lot of correspondence.

Ordinary routine work. From and To registers, putting up references, entering the names of documents in the Companies and Societies Registers, Day book of documents placing them in the respective bundles of companies and

Societies, Stationery and Forms and Stationery articles, entering Treasury receipts and Cpurt fee stamps received every day in the register kept for the purpose, arrangement of records, Typing, comparing fair copies, preparation of monthly returns, Annual reports, Issue of reminders, Issue of letters to Societies and Companies for the Returns.

Work distribution.

1. Head Clerk Scrutinizing all the documents, submitting for orders notes after consulting various authorities on company and other laws, putting up drafts comparing important fair copies. Instructions to visitor Library, Cash, checking the monthly and annual report statements and drafting the report portion, Issue of reminders, checking the drafts and statements prepared by the clerk. Preparing notes of inspection of companies.

2. Clerk. Putting up references, entering the names of documents in the companies and Societies registers and making out acknowledgements and certificates entering the documents files in the Day book, placing them in the respective bundles of companies and Societies. Charge of stationery articles and forms, entering Treasury receipts in the register kept for the purpose, arrangement of records, comparing ordinary fair copies, preparation of monthly returns and the statistical portion of the Annual report, Issue of Reminders, checking the lists of members and balance sheets.

3. Typist. Typist. Typing and comparing fair copies. 'To' and 'From' registers.

Appendix. II.

	Receipts.	Issues.
1917-18	539	553
1918-19	465	1030
1919-20	888	1036
1920-21	1365	1599
1921-22	1318	1279
1922-23	1236	1305
1923-24	1391	1415
1924-25	1458	1681
1925-26	1513	1866
1926-27 (up to [illegible] November26.)	907	901

Appendix III.

Abstract of arrears in the office of the Registrar of Joint Stock companies in Mysore on 25-11-26.

	Less than a week.	Less than a month but more than a week.	More than a month.	Total
Pending in the office.	10	14	179	203.

	For more than a month.	For more than 3 months.	Total.
Pending outside the Office	3	8	11

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Serial No. 10

Draft Sulks. (Refer paras 3, 5, 6, 7, 8 & 10 above)

14.12.26 —11 There was another file on subject, in which the Dewan has ordered the explanation of the Regr may be called. Please put up a revised off with it file (linked). WD 14/12

12 The file refd. to is herewith linked. The draft is revised and resubd. for orders.

15/12/26 13 Dft for consd. (W D) WD 15/12

4 approved Issue Copies 16.12.26 WD 17/12

2 To The Registrar of J. S. Companies

No. D. 4725 & 22.12.26

Sends a Copy of the Audit Note & Calls for his remarks ~~on~~ within 3 weeks from 22nd inst. Also invites his attention particularly to para 9 of the Note & requests that his explanation why there are such heavy arrears of work in this office may be furnished.

15 Draft reminder is put up

16.12.26 16 Issue WD 13/1

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General and Revenue Secretariat | J. S. File No. 17 of 1926 (4

Serial No. 3

From The Registrar of J. S. Companies.

No. 1027 & 20.1.27

With reference to R. 2 furnishes his remarks on the points raised in the Note and states that the arrears are due to increase of work & inadequacy of the present staff.

17 Submd. with refees.

Para 5 of the Audit Report:

18 The Registrar promises to introduce a Current register in lieu of the present "From" & "To" registers, from 1st Apr. 1927, beginning of the next Offl. year of the Dept.

19 The Registrar has Submd. the following proposals for the orders of Govt:-

Para 6 of the Report:

Subject: Govt have held that the practice may continue vide 417-R.-3 (Roads T)

(1) Applications for auditor's Certificates which do not fulfil the Conditions laid down need not be Submd. to Govt. to reduce Scripting work.

Para 7 of the Report

(2) For the preservation of documents filed with the Registrar under the Companies Regulation, 15 almirahs each Containing about 24 Compartments will be necessary.

20 The Registrar States that definite proposals in this matter will be Submd. Shortly, after Studying the Systems of preservation obtaining in Madras, Bombay & Bengal presidencies.

21 He also says that he will Submit a Set of rules for the preservation or destruction of records Similar to the Madras rules.

(3) Two addl. hands, one on Rs. 60, preferably a law graduate & another on Rs. 30 may be Sanctd. to Cope with the increasing work in the Registrar's Office.

NOTE—Contn. Sheet

21.1.27

35-81

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General and Revenue Secretariat

J.S. File No. 17 of 1926.

Serial No.

21) The Regr's proposals on
i) Preservation Destruction of records
ii) Preservation of documents
may be awaited

The substitution of the Current Regr in place of the From 10 Regrs as suggested by the Insp of Office systems, may be brought into effect from 1st April next, as agreed to by the Regr-

22) In regard to the reduction of Scriptory work in the case of defective applications for auditor's certificates, Kind ref is invited to discussions in I+C. file 117-24. Under the existing provisions the application is to the Secretary to Govt- it seems desirable to amend the law of necessary and provide for the applications being addressed to the Regr of J.S. who may be authorised to reject applications on prima facie defects. In such cases however, the party has to be given the right of appeal to Govt

23 As regards the arrears of work in the Regr's office, it may be said that a case has been made out for at least one additional hand on about Rs 60 p.m. who possesses some knowledge of law and accounts.

Subd for orders —

Secy D) UP 22/1

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General and Revenue Secretariat

J.S File No. 17 of 1926 (6

Serial No.

24 The explanation of the Registrar of joint stock companies on the Audit note of the Inspector of office systems is submitted to

25 The Registrar says that the Disposal number system will be introduced from 1st April 1927 and the Head Clerk has been asked to work overtime to clear off arrears. Perhaps a specific period about three months may be fixed and the Registrar requested to report the disposal of all arrears at the end of that time

26 In explanation of the heavy arrears in the office, the Regr says that the office consisting of a Head clerk and two hands is short handed and the establishment should be strengthened by two hands.

I may claim some personal knowledge of the work of this office as the duties of Regr of joint stock companies were attached to that of Dy Director of Commerce when I held the latter post. It is eminently desirable to appoint early a good Asst gradually to strengthen the establishment of that office. The work in the office is naturally increasing — this will pay the cost of one clerk — and as the Head Clerk is the only repository of all company law the work can only be attended to if he can find time. The Regr has hardly the time to go into details and sometimes very serious mistakes are made as in the case of the Charitable & investment society now before Court.

27 The Regr suggests that he may be permitted to submit proposals for the best form of preserving records after consulting the Regrs of different provincial Courts. The proposal may be accepted

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General and Revenue Secretariat

J. S File No. 17 of 1926 (7

Serial No.

Post Up Copy

28 In regard to the proposal for the reduction of servicing work the Regr raises the question whether he may not reject all applications for the Auditors certificate when the applicants are manifestly unqualified according to the rules issued by Govt for the grant of such certificates (Notification Dt 11.5.21) The proposal of a former Regr that there was nothing in the rules preventing this during so was vetoed by Govt on the ground that clause 5 (a) of the Notification provides for the application for such certificate being made only to "the secretary to Govt through the Regr of joint stock companies". This clause, in my humble opinion, cannot be interpreted to mean that the Regr has to forfeit the duties of a Post Office in regard to all applications, whether qualified or unqualified, according to the instructions issued by Govt— If it was the intention that all applications should be sent to Govt, the rules would not have required the submission of applications through the Registrar at all but would have provided for direct submission. There is no meaning in asking the Regr to submit all applications to Govt when on their very face it is clear that the applicants have not fulfilled the conditions required & cannot get the certificates I begin to submit the interpretation of the rule as given in letter no 8205 Dt 3.6.25 is incorrect the Regr maybe permitted to reject all applications when the applicants are prima-facie not entitled to and ... certificates.

3375/P/26

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App. F. III—21

General and Revenue Secretariat

9 -S - File No 17 of 1926.

Serial No.

29 The draft rules for the destruction of old records promised to be submitted by the Registrar may be awaited. He may be asked to submit them early.

CRR
23.1.26

2nd member

Dewan Bahadur

I Lt. Secy

VB
24/1

30 I regret that I cannot share the view expressed in the above note. According to the rules the Govt have the power to decide the qualification & to grant the certificate. The Registrar will be usurping this power if he were to reject any application. Unless the Govt delegate this function to the Registrar he will be acting ultra vires in rejecting the application.

These considerations lead me to the conclusion that the order of Govt contained in Flag T is correct & cannot perhaps be changed.

3 A copy of the Rules has not been put up for reference. If the authority for the submission to Government of every application for an auditor's certificate is contained only in a rule, such rule may be modified. There is no object in the submission to Government by the Registrar of applications which cannot be complied

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App. F. III—2]

Serial No.

complied with.

32 A period of three months may be allowed for the clearance of arrears and the Registrar may be requested ~~to~~ Submit a report after the expiry of that period.

33 As regards preservation of records, his further report promised may be awaited.

34 As for strengthening his establishment, the opinion of the Inspector of Office Systems may be invited.

29.1.27

35 Returns off

29/1/27

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Serial No.

preservation of documents files under Regulation is awaited and that the question of strengthening the staff of his office is under consideration.

5 D. 6340 & 7.2.27 to Compiler. Min. of Finance certain amendment to rule 5(a) of the Rules for the grant of auditors certificate authorising the Registrar to reject such of the applications as do not fulfil the prescribed conditions

6341 & 7.2.27 to Registrar of J.S.C. forwards copy of the above for information and guidance with refce to pl. 3.

39 The file may kindly be referred to the Inspector of Office Systems with reference to para. 34 of page 6.

SUS A
GEN. & REV. SECRETARIAT.
9 FEB. 1927
DEVELOPMENT BRANCH.

40 9.3.27 Inspector Office Systems with compliments. Reference is invited to para 34.

9 3 27

41 I am of opinion that an additional hand on Rs 50 may be sanctioned tentatively for a period of one years. The arrears may be cleared at-on-ce

The Registrar's proposals for the preservation of

General and Revenue Secretariat | File No. | of 192

Serial No.

documents and destruction of records is done.
The question of permanently strengthening
the office staff may be considered next year
if after the work is brought to current, and
the retrenchment referred to above is considered.
As the pay of the Head clerk is 50-100,
it would be desirable to fix the pay of
the Addl Head at Rs 50 instead of 60 as
proposed. I presume that a few graded
will be available for this pay.
It does not appear to be necessary to
sanction the Head on Rs 30 also, as
on account of the whole question is fully
examined

h
10.3.27.

SECRETARIAT
18 MAR 1927
DEVELOPMENT BRANCH

4/V Is there any source from which the pay of a clerk on Rs 50 can be met during the present year?

UP
18/3/27

R. D.O. 1169 dt 18-3-27 from the Regr. UP 14/3

Sir, (Cl. Para 4 2) There is no specific p.
q.d.s. cos however
A draft G.O. is put up for consideration

UP 19-3-27.

Dft for orders
Secy D)
UP 19/3/27.

To 4th Copella 559/dbd 24/3/27

OFFICE OF THE THIRD MEMBER OF COUNCIL
19 MAR. 1927
No. 1305

3rd Member)
Issue cos
UP 22/3/27
Comm
R

3263-26 & 24/3/27

NOTE—Contn. Sheet

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App. F. III—2]

General and Revenue
Secretariat

J. S. File No. 17 of 1926

To Registrar of J. S. Companies,
Calcutta through the Seal

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *192*

Date of issue 22.12.76

Signed by.....

Section J.S.

Urgent. + Confl File No. 17-26

Serial No. 2

No. D. 4725. dy 22/12/76

Enclosure

To

The Registrar, Joint Stock Companies

Sir

I am directed to send herewith a Copy of the Note on the audit of the registers and records of your office recently conducted through the Auditor attached to the Inspector of Office Systems Officer in Charge of Revenue Audit & to request that your remarks on the several points raised in the Note may be furnished within three weeks from this date and necessary action may be taken wherever possible, to rectify the defects noticed.

2 I am also to invite your attention particularly to para 9 of the Note and to request that your explanation ~~may be furnished~~ as to why there are such heavy arrears of work, ~~& to state a heavy pendency~~ in the Office may be furnished.

3 The matter may be kindly dealt as urgent.

I have etc.,

Cypher
6.12.26

WP
15/12 Secy to Govt.
D.D.

To

C. Ranganatha Rao Sahib, Esq. B.A., B.L.,
Secretary to the Government of His Highness
the Maharaja of Mysore Development Departments,
Bangalore.

S i r ,

With reference to your letter No.D4725/J.S.17-26-2 dated 22nd December 1926 forwarding a copy of the Note on the audit of the registers and records of this office conducted through the Auditor attached to the Inspector of Office Systems and requesting that my remarks on the several points raised in the Note may be furnished and necessary action at once taken wherever possible to rectify the defects noticed, I have the honour to state as follows:

(1) In paragraph 5 of the Note, it is suggested that a current Register may be introduced in place of the present "From" and "To" Registers. This will be done from the 1st of the next official year of this Department 1st April 1927.

(2) Paragraph 6 about Rediction of Scriptory work.

Regarding the applications of unqualified candidates for auditor's certificates, Mr. V. R. Thyagaraja Iyer, Registrar of Joint Stock Companies in his letter No.155 dated 1st May 1925 (copy enclosed for ready reference) had requested to be informed whether the applications of all persons who did not possess the required qualifications should be submitted to Government or only such of them as in his opinion deserved special consideration. He also stated therein that he made that reference in order to reduce scriptory work both in this office and in the Secretariat.

But as Government replied (vide Rev. Secretary's letter No. Ic.6205/I&C.417-24 dated 3-6-1925) that the practice of submitting applications to Government with the Registrar's recommendations might continue, all applications are being submitted to Government. I am also of opinion that it is not necessary that those applications which do not fulfil the conditions laid down in the Rules should be submitted to Government. Orders of Government may kindly be obtained on this point.

(c) Paragraph 7 about Preservation of documents filed with the Registrar, under the Mysore Companies and Societies Regulations.

As the documents are recorded or filed or registered, they are passed on to their respective bundles, each bundle containing the documents of one company or Society being separately tied up with a tape and kept in almirahs divided into small compartments. This practice appears to have been in existence from the commencement of this office more than half a century ago. The principle underlying this is that the documents of one company or Society should not be mixed up with the documents of another company or Society and that all the documents should be readily available for inspection by the members of the public and for reference in the office. The present system satisfies the above requirements. As regards the defects mentioned by the Auditor, namely the bundle system is antequated and is not an efficient system of preserving the documents as they are folded into small sizes with the result that they become cut at the places where they are folded. it may be mentioned that all companies and Societies do not use papers of uniform size and best quality (probably it is not practicable to do so). Papers ranging from

from 5 x 9 inches to 16 x 40 inches are being received and it is necessary to fold the long papers. It is natural that the older a paper gets, the drier it becomes and consequently becomes more liable to breakage. But on an examination of this office documents, it is found that more damage is done during transit rather than in the office. Tearing in the office on account of folding is very little, when all the papers are taken into consideration. A sample of the book file obtained from the Bombay Registrar and a sample of a kind of open file obtained from the Madras Registrar were shown to the Auditor when he examined this office.

The Bombay file has stiff card board covers with leather back. It is 11 inches in breadth, 16 inches in height and 3 inches in thickness. Two holes are made at the left hand margin. Two holes have to be made in all the documents. The documents have then to be put in the file and kept together by means of a tape passed through the holes. This system can be adopted only if all the companies and Societies use papers of uniform size. As it is at present in Mysore, the papers have to be folded and when folded, do not admit of being stitched together through tapes.

In the case of big companies like Sri Krishnarajendra Mills, Ltd., Industrial Bank, Ltd., Kaiseri-Hind Woollen and Cotton Mills, Ltd., whose documents are voluminous, the Book file system of Bombay will not be of much use as the documents will in a course of 2 or 3 years exceed the capacity of a book file to hold them. Moreover these Book files have to be placed perpendicularly in almirahs and on account of the downward pull of the papers and on account of their frequent untying for the purposes of reference, they are likely to be torn at the margin with the result that the system would appear to be more harmful than the present bundle system that is in

vogue. The Madras system is not so elegant as the Bombay system but appears to be safer than the latter system.

The documents are divided into classes and each class is put in covers of cartridge paper (like books) of foolscap size. All the resulting books of a company are held together by means of tags and are placed between two wooden planks with the name of the company written on them. They may be placed either vertically or horizontally in almirahs. The documents may also be detached without much damage.

This system also requires that the companies and Societies should prepare documents in papers of uniform size.

The defect of this system is that the cartridge paper covers are likely to be torn on account of frequent handling and on account of the voluminous nature of some of the documents. this can be overcome by replacing the covers as they are damaged. This system seems to be less costly than the Bombay system.

To introduce either the Madras or the Bombay system, about 15 Almirahs each containing about 24 compartments will be necessary. Correspondence will be carried on with the Punjab and Bengal Registrars also as to the system of filing in their Provinces and my proposal as to which of the systems may be adopted will be submitted to Government shortly.

(4) Paragraph 8 relating to the destruction of the records of companies and Societies.

The records of companies have been preserved from the year 1867. In the Office Manual of the Office of the Inspector General of Registration in

in Mysore (printed in the year 1917) which also included the office of the Registrar of Joint Stock Companies until it was transferred to the control of the Deputy Director of Commercial Developments in the year 1918 it is stated that the correspondence relating to references under companies should be treated as permanent The Mysore Companies Regulations do not provide for the destruction of the documents filed in this office when the correspondence itself is stated to be permanent the documents which are more important, have also been treated as permanent.

These records have been well preserved and occasionally applications for inspection and copies of the documents of the non-existing companies are also being received. In the Regulations made by His Excellency the Governor of Madras in Council under Section 248 of the Indian Companies Act (which corresponds to the same Section of the Mysore Companies Regulation) it is stated that the Register of companies, the Register of Mortgages and Index thereto and documents and correspondence filed with them should be preserved permanently and that all other records should be preserved in such manner and for such period as the Registrar may from time to time direct. As this was perhaps not felt to be clear, further Rules have been made under the Destruction of the Records Act, 1917, in the matter of the disposal by destruction or otherwise of the records in the custody of the Registrar and the Assistant Registrars of Joint Stock Companies. A copy of these Rules has been obtained from the Madras Registrar and it was shown to the Auditor. There is nothing about the preservation or destruction of records in the Rules made by Government under Section 248 of the Mysore Companies Regulation. The question of making Rules similar to the Madras Rules has been engaging my attention and I shall

submit a set of Rules shortly.

(5) Arrears of work.

This office staff consists of only 3 hands: 1 Head clerk, 1 clerk and 1 Typist. The statement of distribution of work among them is attached to the Auditor's report.

As may be seen from the list of Receipts and Issues attached to the Auditor's Inspection Report, the work of this office has increased from the year 1918-19. The correspondence of this office is highly technical and complicated. In addition to the implied duty cast on the Registrar by the Companies' Regulation in the matter of examining all the documents submitted to the Registrar, Rule 11 of the Rules made by Government under Section 248 of the Regulation (vide Notification No. 11002/I&C.6-18-21 dated 12th May 1919) which has the effect of having been enacted in the said Regulation itself, definitely lays down that all the documents submitted to the Registrar should be examined by him and that he should satisfy himself that they are in conformity with the provisions of the Law. As most of the documents received in this office are found defective they have to be very carefully examined. The examination of one paper takes from 3 to 8 days in some cases on account of its lengthiness and also on account of the several matters inserted therein the legality of which cannot be made out without reference to legal books and decisions. In the office, the Head Clerk is the only official who is conversant with Company Law and it has not been possible for him in spite of his best industry to attend to all the papers of this office without delay. The whole -- situation was explained to Government by Mr. V. R. Thyagaraja Iyer in his letters Nos.1447 and 843 dated

7-3-1925 and 18-8-1925 respectively. He also requested therein that an additional hand on Rs.50/- might be sanctioned in order to meet the growing volume of work. But his recommendation was not sanctioned by Government. Mr. Thyagaraja Iyer also represented to Government in his letter No.1447 dated 7-3-1925 that the examining Rule referred to above might be made less strict as it might not be practicable even with the sanction of the additional hand asked for by him to register companies and documents without delay. This recommendation also was not sanctioned (vide Revenue Secretary's letter No.IC.6925 I&C.346-24-2 dated 13-4-1925). As it is, the work of the office is attended to with some amount of hurry and I feel that any more rushing through may lead to undesirable consequences especially now as cases under Company law are being taken before Courts and it is necessary to see that all the documents, so far as this office is concerned, are in accordance with the provisions of the law. The above circumstances explain why the work has not been more up-to-date in this office.

The present Head Clerk is hard worked. If he takes any leave, which he has however rarely done, there is none else in the office who can attend to the papers. Prosecutions may have to be undertaken hereafter, with the growth in the number of companies and commercial concerns which will be an addition to the office work. The destruction of old records and the arrangement of the records of the existing companies and Societies on an improved system will also considerably increase the volume of work. I have also not got sufficient hands in the office even to take a clerk to assist me in the inspection of companies. It is therefore respectfully submitted that at least 2 additional

additional hands, one on Rs.60/- preferably a Law Graduate and another on Rs.30, are required and if this is kindly approved a proposition statement will be submitted. In the meanwhile, the Head Clerk will be directed to work overtime with the aid of other clerks and bring about a reduction in the pendency of papers.

I have the honour to be,

S i r ,

Your most obedient servant,

S Ramaswamy

R E G I S T R A R .

V. R. Thyagaraja Iyer, Ex M.A., Registrar of Joint Stock Companies in Mysore to the Secretary to the Government of Mysore, Revenue Department, Bangalore.

I have the honour to forward herewith for the orders of Government an application for a temporary auditor's certificate under the Mysore Companies Regulation together with its enclosures received from Mr. M. N. Rajagopalan, Accountant, Bank of Mysore, Ltd., with his letter dated 16th April 1925.

(2) As Mr. Rajagopalan is an employee of the Bank of Mysore, Ltd., the Manager of the said Bank was consulted as regards his eligibility for a certificate and a letter in reply signed by the Deputy Manager has been received stating that "a temporary certificate may be safely granted to the applicant

(3) Rule 1 of the Rules regulating the grant of auditor's certificates issued under Notification No.10872/ I&C.359-20-2 dated 11th May 1921 requires that an applicants should have at least five years' practical training in auditing accounts and that he should satisfy the Government as to his competency and Rule 5 (ii) requires that any examination in Auditing or Accountancy that he has passed should be specified. Mr. Rajagopalan's service in the Bank for four years and a half cannot in my opinion be considered as practical training in auditing accounts as it can be acquired only by working under a recognised Auditor. He cannot be said to have passed any examination in Auditing or Accountancy as the special subject for the B. Com Degree Examination he has passed is Advanced Banking and not Advanced Accountancy and Auditing (Vide copy of the B. Com Degree certificate enclosed). In these circumstances I have the honour to state that he is not -- eligible for a certificate and to suggest therefore that

his application may be rejected.

(4) In this connection, I have the honour to request to be kindly informed whether the applications of all persons who do not possess the requisite examination qualifications and practical training should be submitted by me to Government for orders or only such of them as in my opinion deserve special consideration. Rule 5 (a) of the Notification referred to in paragraph (3) above no doubt lays down that all applications should be submitted to Government through me but by the insistence of five years' practical training in Rule 1, a person has no right to apply for a certificate if he has not acquired the said practical training and cannot therefore expect his application to be forwarded to Government. Thus there will be no breach of the Rules in case I reject the applications which do not fulfill the conditions laid down in the Rules.

(5) I make the above reference in order to reduce scriptory work if possible both in my office and in the Secretariat.

APP. F. VI. Gl.]

SUBJECT.....

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2 draft
(1), 1

Section J.S.

File No. 17 - 26

Serial No. 4

No. 6339

Diary No. of letter replied to.....

To

The Registrar of J.S. Companies

General and Revenue Secretariat

( )

the *192*

Sir,

With reference to your Conf letter no. 1027 & 20.1 27 Submitting your remarks on the points raised in Note on the audit of the registers of your Office recently Conducted by the Insp' of Office Systems, ~~by the Insp' of Offices attached to the Inspr of Office Systems~~, I am directed to request that the arrears ~~discovered~~ steps may be taken to clear arranged to be in your Office ~~may be cleared~~ within 3 months, ~~from this date~~ and that a report may be submitted to Govt after completion of the work in question, ~~after expiring of the period~~

List of enclosures.....

Copied by.....

Examined by.....

2. As regards your proposals preservation of documents pls under the Regulations made at Sub-para (3) of your letter

over

Sec Lo Rahmat

further report promised is awaited.

I have ch

Secy Lo Gvt

WP
2/2

3... As regards the proposal re Strengthening the establ. I am Lo Rahmat that the matter is under consideration Gvt

APP. F. VI. G

SUBJECT.....

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Diary No. of letter replied to.....

General and Revenue Secretariat

)

the *192*

Date of issue 7.2.27

Signed by V.V

List of enclosures.....

Copied by.....

Examined by.....

2 drafts
(2)

Section J.S
File No. 17-26
Serial No. 5

No. 6340

Note

To

The Govt. of H.H. the Maharaja of Mysore are pleased to issue the following amendment to Rule 5 (a) of the Rules re the grant of Certificates entitling the holders thereof to act as auditors of Companies in the Mysore State (Vide No. 10872/9 dt. 359-20-2 & 11.5.21) :—

In Rule 5(a)

Insert after the words "Registrar of Joint Stock Companies in the State":

"who may, on his own authority, reject such of the applications that do not fulfil the prescribed Conditions."

By order

Secy Local Off

WP. 2/2

P.T. over

mes no. D-6941 dt 7-7 7

Copy of his telegram to his letter,
for information and guidance
Copy of his letter ref. to ~~para~~ sub-para
of his letter no. 1027 (Confl) dt 20.1.27)

40
GEN. & REV. SECRETARIAT.
DEVELOPMENT BRANCH.

Immediate.

D.O. 1169

Office of the Registrar of
Joint Stock Companies in Mysore,
Bangalore, Dated 15th March 1927.

J. S. 17-26-R

Dear Sir,

I write to invite your reference to paragraph 3 of your letter No.D.6339/J.S.17-26-4 dated 7th February 1927 stating that the proposal regarding the strengthening of the establishment of this office is under the consideration of Government and to state that the work of this office is increasing in volume, day by day, with the result that it has become extremely difficult for the existing limited staff in spite of its working overtime and under great strain to keep it up to date.

The official year for the department will come to a close with this month and the preparation of the Administration Report will add considerably to the work which is already growing. I, therefore, request that the sanction of Government to the additional hands asked for may kindly be obtained as early as possible and the same communicated to me. If there is likely to be delay in according final sanction, I may at least be permitted to employ a competent hand on Rs.60/- as a temporary measure for three months from 1st April 1927, the cost required to be met for the current year being only 2 months' pay of the official.

Yours sincerely,

To

N. Rama Rao, Esq., B.A., B.L.,
Secretary to the Government of His
Highness the Maharaja of Mysore.

Proceedings of the Govt. of H.H.
the Maharaja of Mysore.

R e a d -

Correspondence ending with letter No.1027 dated 20th January 1927 from the Registrar of Joint Stock Companies in Mysore submitting among other things the reasons that have contributed to the accu-mulation of arrears in his office and requesting in the circumstances ~~stated~~ stated sanction to the entertainment of two additional hands in his Office one on Rs.60/- and the other on Rs.30/- per mensem.

Order No. D. 8176-7

Dated, Bangalore, 23/3/1927.

Sanction is accorded to the entertainment of one additional hand on Rs.50/- per mensem for a period of one year. The Registrar should arrange to bring the work up-to-date with the aid of this new hand. The question of permanently strengthening the staff of the Registrar's Office may be submitted again for orders of Govt. before the end of January next. The Registrar is requested to point out direct to the Comptroller the source from which the pay of the official during the current year may be met.

1913 Secy. to Govt. Dev. Deptts.

To
The Registrar of Joint Stock Companies
The Comptroller to Govt. through Fin.